

Beyond Information Disclosure to Achieve Accountability in the Extractive Sector

Corruption through opaque public contracts costs Africa billions of revenue loss annually. Initiatives around the world have consequently concentrated on information disclosure (ID) as a means to address this problem. But under what conditions does ID work to promote accountability in the extractive sector, where revenue management has long been a major cause of conflict? Research on Mozambique from the Action for Empowerment and Accountability (A4EA) research programme has found that there has to be a clear link between ID and government reputation (and potential fall from power), for accountability to be possible. This has major implications for the strategies of ID supporters.

Information disclosure (ID) advocates, such as Publish What You Pay (PWYP) and the Extractive Industries Transparency Initiative (EITI), believe that laws that compel the government to disclose information can further empower citizens' action in a context where public officials choose not to disclose their private interests. Consequently, by 2017, 22 African countries had enacted legislation on freedom of information; a remarkable improvement from 2014, when only 13 countries had done so.

In Nigeria, the EITI process has led to identifying US\$9.8bn of oil revenue owed to the Federal Government, of which US\$2.4bn has been recovered. Militias in the Niger Delta have used violent confrontation and protest, hostage-taking and destruction of oil platforms to hold extractives to account, while a coalition of CSOs and labour unions, loosely organised under the umbrella name 'Occupy Nigeria', have staged protests based on ID relating to the effect of corrupt oil subsidy payments and mismanagement. In Burkina Faso, EITI reports published in 2014 resulted in civil society protests and public pressure, drawing Members of Parliament (MPs) to poor mining communities and subsequently approving

an increase in royalties to those communities from 0.5 per cent to 1 per cent. In Sierra Leone, MPs from mining constituencies lost their seats (more so than MPs from non-mining areas) at the 2018 elections because of citizens' perception that they did not do enough to promote development in their constituencies despite revenues from extractive resources.

Given the importance of the extractive sector to the political economy of resource-rich countries which, nonetheless, still experience high levels of poverty, an accumulation of these micro-level accountability fixes would eventually lead to improved overall governance and development outcomes.

Mozambique's context of ID and accountability in the extractive sector

Mozambique is a resource-rich country and extractive resources have played a key part in two decades of its economic growth. Recent projections indicate that in a few years, Mozambique could become the third largest global exporter of liquefied natural gas with the potential to turn around the economy to become the 'Qatar of Africa'. However, CSOs such as the Center for Public

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Integrity (CIP) have raised concerns about the lack of transparency in government contracts with extractive corporations. Tax breaks and other incentives appear to leave the state with very little revenue which raises suspicions over whether the government has public interest in mind when negotiating these contracts.

Mozambique was accepted as an EITI member in February 2009 and constituted a multi-stakeholder group (MSG)¹ to monitor and manage the implementation of the EITI processes. With support from the Mozambique EITI (MEITI) Secretariat, around 40 CSOs established a Civil Society Platform for Natural Resources and Extractive Industries (CSPNREI) which used ID by MEITI as well as their own research to engage both the state and private corporations in transparency and accountability issues. Initiatives pursued by both CSOs and MEITI have received support from the World Bank and other bilateral development agencies. Since 2011, MEITI has produced publicly accessible annual validation reports that provide information on extractive revenue and an overview of licensed corporations, as well as highlighting areas where opacity of information undermines good extractive governance. For example, the 2017 report disclosed that the financial relationship between the government and state corporations was not transparent, while state obligations on remittances of mining royalties to sub-national governments had not been accountable.

At the same time, some CSOs like CIP have also independently investigated government contracts, through their participation in the MSG. They have analysed the implications for public revenue and have held press conferences, seminars and meetings sharing information with the general public and pro-accountability institutions where they perceived there had been wrongdoing. A recent report published by the Investigative Publishing Collective in partnership with the independent media house, Africa Uncensored, and ZAM magazine cites a number of high-level and powerful public officials, including sector ministers and mayors, who appear to have dishonestly obtained concessions in Montepuez district to produce and export rubies.

Interviewees in the A4EA study also disclosed many known government and ruling party officials who own mining concessions in the country. Nevertheless, with the exception of a successful resettlement in 2015 and compensation work pursued by the environmental NGO, Centro Terra Viva, neither these numerous investigative reports nor the EITI validation reports have inspired social and political action such as public protest or state prosecution.

If ID has not been enough to galvanise citizen and institutional action, what could be the reason? What else do citizens and pro-accountability institutions need to empower them to take action? What role can external agencies play in the nexus between ID and accountability?

Two factors explaining citizen and institutional inaction to ID in Mozambique

The A4EA study identified 17 interconnected variables that explain the inaction by citizens and governments in response to ID on corrupt or illegitimate extractive practices in Mozambique. These can be broadly organised under two factors:

- 1 Presence of a dominant political party with structures that permeate all aspects of state and non-state institutions and, related to this, an institutional culture of 'submissiveness' that has been created out of fear of the political regime, including media self-censorship; and
- 2 Citizens' experience of high levels of economic vulnerability and illiteracy and weak CSO capacity to mobilise citizens.

Dominant political party and absence of a competitive multi-party system

Since 1994, the ruling political party (Frelimo) has won all democratic elections. The fusion of party and state structures, coupled with centralisation of all powers into the hands of party elites, provide the framework in which citizens and pro-accountability institutions are unable to pursue actions demanding government accountability. The dominant party structure blurs the separation of powers between the executive, judiciary and legislation.

For ID to work as an effective accountability mechanism, there needs to be a credible threat of citizens' ability to vote out MPs

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¹ The MSG comprises of three representatives of the government, four from CSOs, four from private companies and two observers. The Minister of Mineral Resources and Energy chairs the group.

and, ultimately, a government behaving shamelessly. Literature suggests that ID and transparency mechanisms have combined well with progressive political engagements with voters to improve government accountability in Brazil, India, Mexico and Sierra Leone.

The fear that the ruling political party could lose an election in Mozambique may help promote accountability but that appears a long shot in view of the ruling party's embeddedness in every aspect of the fabric that makes up a Mozambican's socioeconomic and cultural life. Without the conviction that informed citizens can vote out a government through the ballot box, there is no incentive for it to pay attention to ID. There appears to be little concern over domestic reputation or the possibility that an opposition party may take advantage of a corruption scandal. Yet, according to a 2011 study conducted in 85 countries, domestic politics is a key factor in determining levels of transparency and accountability in a country. Citizens/voters and legislators are the key drivers in achieving accountability. Where demand from these two groups is weak, there is a strong doubt that external initiatives like EITI can achieve progress in accountability through ID initiatives.

Contracts are signed before they are sent to Parliament. What else can you do? You only comment and 'cry' but there is little to change. (MP during the focus group discussion in Maputo on 15 March 2018)

Legislators in a competitive multi-party system have greater incentives to use ID to hold governments accountable for the simple reason that their own electoral hopes may be enhanced. However, incentive structures that are inherently embedded in a dominant political party system and 'party list'² work against any commitment to accountability.

Citizen economic vulnerability and low levels of literacy

The A4EA study shows that without economic empowerment of citizens, ID does not trigger social and political action (SPA). In Mozambique, those who earn a regular and reliable income often work in the public sector

² In this system, political parties make lists of candidates to be elected, and seats get distributed to each party in proportion to the number of votes the party receives. Voters do not directly elect the MP but a candidate is elected based on the order in which he/she appears on a party's list of candidates.

or in private firms linked to the government. The few who openly criticise the government are intellectuals who can make a living outside state patronage. A deeply embedded patronage system resulting from the long-standing dominance of the ruling party means that those whose livelihoods depend on the state (and they are substantially the majority) will feel unable to speak out against the government or engage in any other form of SPA for fear of losing their jobs. This has a knock-on effect on CSOs trying to trigger traditional accountability mechanisms such as investigations, inspections and audits. They will find that public officials such as the attorney general, the police and the public prosecution will not act because people need to protect their jobs, incomes and security.

Reports by EITI and CSOs on corrupt mining contracts and practices are published in English, Portuguese and other official languages, and disseminated through websites and news conferences. However, they are rarely disseminated in local languages, which might be more likely to galvanise citizen action. Moreover, Mozambique has high adult illiteracy rates: 45 per cent overall and 60 per cent in Cabo Delgado, a province in the north where there is significant extraction of natural gas and precious minerals.

Consequences of accountability failures in Mozambique

Given the above, citizens and public institutions hardly react when it comes to using ID to promote government accountability and the theory of change cannot work in Mozambique. Despite signing up to EITI, the government continues to act with impunity in the face of ID, which elsewhere might bring other governments down.

The consequences of such accountability failures are enormous. This includes:

- worsening levels of corruption;
- routine mining legislation without enforcement; and
- economic growth without inclusiveness.

These outcomes are not unusual in many natural resource-rich but poor countries like Angola, DR Congo and Nigeria where the physical, social and economic lives of the people that live in extractive communities are disconnected from the international capital that is invested in the sector.

“Without economic empowerment, information disclosure does not trigger social and political action.”

Implications for policy and practice

Mozambique's experience of citizen and institutional inaction is not an outlier but presents parallels with cases in other regions where fragility and conflict have pushed back citizens and institutional action for accountability.

EITI, PUWYP, CSOs, international NGOs and bilateral development cooperation agencies that support ID as a mechanism for promoting accountability should consider the following policy and practice suggestions:

- **Develop and deliver alternative formats of information to build civic awareness.** Conscientisation, civic awareness campaigns and economic empowerment are the first steps for promoting citizens' action for government accountability. Given low literacy levels, these organisations should consider other forms of civic education such as using community radio and theatre, having people speak at local community meetings and gatherings, and the involvement of local leaders (political, cultural, religious) in sharing messages about extractive issues. Without inculcating in citizens' public interest values, ID as a means to holding government accountable is less effective or meaningless.
- **Targeting ID to poor mining communities.** Groups that have greatest inherent interest in using information on corrupt mining contracts to pursue SPA are the poor mining communities themselves but they are least targeted with ID. In Mozambique and other resource-rich but poor countries, information on corrupt mining contracts reaches only the urban elites who benefit disproportionately from extractive revenue through better infrastructure services provision, so their interest in collective action following information is weak.
- **Go beyond ID and support interest groups to take action.** It is not enough to disclose information in a context where 'naming and shaming' does not deter people from abusing power and state resources. Protagonists of accountability initiatives need to go beyond ID and consider how they can support interest groups and institutions to take action. For example, they could also inform (and train) key stakeholders on what action needs to be taken to ensure that a government fulfils its legal obligations. There is the need to focus attention on citizen mobilisation to put pressure on state institutions instead of assuming that information itself will mobilise collective action.

Further reading

Awortwi, N. and Nuvunga, A. (2018) *Sound of One Hand Clapping: Information Disclosure for Social and Political Action for Accountability in Extractive Governance in Mozambique*, IDS Working Paper 523, Brighton: IDS

Brockmyer, B. and Fox, J. (2015) *Assessing the Evidence: The Effectiveness and Impact of Public Governance-Oriented Multi-Stakeholder Initiatives*, London: Open Society

Credits

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The opinions expressed are those of the authors and do not necessarily reflect the views or policies of IDS or the UK government.



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